

Message Text

SECRET

PAGE 01 PHNOM 02490 200839Z

11 10
ACTION EA-14

INFO OCT-01 ISO-00 SS-20 ABF-01 A-01 RSC-01 DRC-01 /039 W
----- 099520

P 190850Z FEB 74
FM AMEMBASSY PHNOM PENH
TO SECSTATE WASHDC 5032
SECDEF WASHDC
INFO JCS WASHDC
CINCPAC HONOLULU HI
COMUSSAG NKP THAILAND

S E C R E T PHNOM PENH 2490

E.O. 11652: GDS - DEC 1982
TAGS: MILI, CB
SUBJ: GAO REPORT ON GKR PHANTOM TROOPS

REF: A. CHMEDTC 4880 R 190310Z MAY 73
B. CHMEDTC 5553 R 051411Z JUN 73
C. STATE 138179
D. CHMEDTC 7323 P 191345Z JUL 73
E. CINCPAC 282330Z JUL 73
F. CINCPAC 282329Z JUL 73
G. STATE 242344Z AUG 73
H PHNOM PENH 9327 R 050325Z SEP 73
I. PHNOM PENH 11349 R 181130Z OCT 73
J. STATE 027475 R 112006Z FEB 74

1. REF A, AN ANNUAL PROGRESS REPORT ON AUDIT DISCREPANCIES,
ADDRESSED ACTIONS BEING TAKEN TO IMPROVE THE FANK PAY SYSTEM AND
PROVIDED MANPOWER AND PAYROLL FIGURES. REF B PROVIDED PAYROLL COMMENTS

OF GAO EXIT INTERVIEW ON INOUE SUBCOMMITTEE REPORT ON CAMBODIA.
REF C OUTLINED MILITARY, ECONOMIC AND DIPLOMATIC ASSISTANCE USG IS
PREPARED TO FURNISH GKR. REF D PROVIDED CURRENT ASSESSMENT OF
ON-GOING PAY ACTIONS TO IMPROVE FANK PAYMENT. REF E PROVIDED
COUNTRY TEAM'S ASSESSMENT OF PARA 5, REF C, TITLED FANK PAYMENT,
AND CONCLUDED THAT FANK FINANCE ACTIONS ARE PROGRESSING AT BEST
ATTAINABLE PACE. REF F PROVIDED CINCPAC COMMENTS TO REF E,

SECRET

SECRET

PAGE 02 PHNOM 02490 200839Z

CAUTIONING THAT CONSIDERATION SHOULD BE GIVEN TO EXISTING

HEADSPACE AND FUNDING PROBLEMS. REF G AGREED WITH COUNTRY TEAM AND CINCPAC ASSESSMENT FOR NEED TO PROVIDE TECHNICAL ASSISTANCE TO PERSONNEL ACCOUNTING CONSIDERING USG CEILING RESTRICTIONS. REF H PROVIDED A CURRENT STATUS OF PAY ACTIONS AND ASSESSMENT OF TECHNICAL ASSISTANCE FOR PERSONNEL ACCOUNTING. REF I PROVIDED AN UPDATE TO REF H. REF J MADE REFERENCE TO SPICAL REPORT (6 FEB 74) SUBMITTED BY GAO TO THE HOUSE COMMITTEE ON APPROPRIATIONS WHICH CITED PROBLEMS OF PHANTOM TROOPS IN THE CAMOBIAN MILITARY FORCES BASED ON FINDINGS OF A YEAR AGO WITH NO NEW EVIDENCE PRESENTED

.
THIS MSG RESPONDS TO REF J.

2. EMBASSY VIEWS ON THE SITUATION:

(A) GENERAL: PHANTOM TROOPS ARE NO LONGER THE SERIOUS PROBLEM THEY WERE WHEN GAO REPORT WAS PREPARED OVER ONE YEAR AGO. AS NOTED IN PREVIOUS REPORTS ON THIS SUBJECT, WE ARE MAKING PROGRESS IN REGULARIZING BOTH THE FINANCE AND PERSONNEL SYSTEM. FOR A HISTORY OF THE PROBLEM, THE PROGRESS MADE, AND PLANNED STEPS BEING TAKEN TO INSURE CONTINUED PROGRESS, SEE REFERENCES A THRU I CITED ABOVE.

(B) PAYROLL FIGURES. RECENT PAYROLL FIGURES ARE AS FOLLOWS:

PERIOD	PAYROLL (DEFENSE FIGURE)
OCT 73	235,914
NOV 73	243,102
DEC 73	247,334

(C) STEPS BEING TAKEN. PHASE TWO OF FINANCE MODERNIZATION, AS DESCRIBED IN REF H, BEGAN IN SEPTEMBER 1973 WITH QUOTE OPTIMISTIC UNQUOTE COMPLETION DATE OF DECEMBER 1973. CURRENT ASSESSMENT IS THAT INITIAL ISSUANCE OF PAY CARDS WILL COMMENCE IN MARCH 1974. WITH SUBSTANTIAL COMPLETION BY JUNE 1974. PAY IS NOW COMPLETELY UNDER SEMI-CENTRALIZED SYSTEM WITH PAYMENT MADE BY FINANCE CORPS PAYMASTERS DIRECT TO SOLDIERS. THIS MAJOR STEP FORWARD HAS REMOVED UNIT COMMANDERS FROM PAYROLL HANDLING. THE NEW ACPER, BG KIM AN DORE, AN OFFICER KNOWN FOR HIS HONESTY AND MODEST LIVING IS MAKING GOON PROGRESS IN IMPLEMENTING THE STRENGTH REPORT; ISSUANCE OF DOG TAGS; GETTING THE DATA SERVICE CENTER OPERATIONAL WITH THE ARRIVAL OF THE

SECRET

SECRET

PAGE 03 PHNOM 02490 200839Z

FIRST TWO KEY PUNCH MACHINES; AND RESOLVING PROBLEMS OF THE C.A.R.P., AN ADMINISTRATIVE HOLDING DETACHMENT HERE IN PHNOM PENH FOR INACTIVE PERSONNEL SUCH AS SICK, WOUNDED, OVER-AGE, AND TRANSIENTS. HE SEEKS AMERICAN IDEAS AND HAS BEGUN TO COME TO GRIPS WITH THE PROBLEMS ASSOCIATED WITH STRENGTH ACCOUNTING.

(D) PHANTOMS REMAINING. OUR BEST ESTIMATE, BASED ON INTELLIGENCE SOURCES, INDEPENDENT PERSONNEL COUNTS, STRENGTH REPORTS, AND

JUDGEMENTAL ESTIMATES PLACES THE REMAINING PROBLEM ON THE ORDER OF 10 TO 20 THOUSAND, PROBABLY MUCH CLOSER TO THE 10 THOUSAND FIGURE. 65 THOUSAND NON-EXISTENT PERSONNEL HAD BEEN PURGED FROM THE PAYROLL WHEN THE STRENGTH FIGURE REACHED 235,000 IN SEPTEMBER. IN ADDITION 16,000 HAVE BEEN RECRUITED IN A WELL-DOCUMENTED MANNER DURING THE PERIOD MAY - JULY 73, REPRESENTING A TOTAL REDUCTION OF 81,000.

3. THE NATURE OF THE "PHANTOM" PROBLEM HAS CHANGED. THERE IS EVIDENCE TO INDICATE THAT GENUINE "PHANTOMS", THAT IS TROOPS WHO EXIST ONLY ON PAPER, ARE RARE AND THE REMAINING DISCREPANCIES ARE ACCOUNTED FOR BY TROOPS WHO ARE USED AS BODY GUARDS, HOUSE SERVANTS, AND LABORERS FOR PRIVATE PURPOSES WHILE DRAWING SALARIES ONCE A MONTH AT THEIR UNIT OF ASSIGNMENT. DETAILED DOCUMENTATION OF THE PROBLEM IS DIFFICULT DUE TO THE LACK OF QUALIFIED PERSONNEL IN THE CAMBODIAN MILITARY AND THE LIMITED NUMBER OF U.S. PERSONNEL. WE CONTINUE TO EXERT PRESSURE ON ALL ECHELONS OF THE KHMER GOVERNMENT AND PROVIDE FULL SUPPORT FOR THE FINANCE AND PERSONNEL IMPROVEMENT PROGRAMS. IN THIS CONNECTION, AFTER CONSIDERABLE PRESSURE BY THE EMBASSY, MARSHAL LON NOL SIGNED A PERSONAL INSTRUCTION

TO ALL COMMANDERS OUTLINING THE PROGRAM FOR IMPROVEMENT OF PAY AND PERSONNEL STRENGTH ACCOUNTING AND EMPHASIZED THAT QUOTE I CONSIDER THESE ACTIONS CRITICAL FOR THE SURVIVAL OF THE NATION. ALL OFFICERS OF THE GOVERNMENT MILITARY OR CIVILIAN, WHO BLOCK THE PROGRESS OF THIS WORK OR WHO DO NOT GIVE IT THEIR ENTIRE COOPERATION, WILL ANSWER DIRECTLY TO ME AND WILL BE PUNISHED RAPIDLY AND TO THE MAXIMUM AUTHORIZED BY LAW UNQUOTE. THE TWO PAGE MESSAGE WAS DISSEMINATED TO ALL LEVELS OF COMMAND ON 11 DEC 73 VIA LETTER. IN ADDITION, THE ENTIRE TEXT HAS BEEN PUBLISHED IN BOTH KHMER AND FRENCH LANGUAGE NEWSPAPERS, THE MONTHLY ECONOMIC REVIEW, AND BROADCAST ON RADIO AND TELEVISION.

SECRET

SECRET

PAGE 04 PHNOM 02490 200839Z

7. IN SUMMARY, THE PAY AND PERSONNEL REFORMS UNDERWAY AND CONTINUING, HAVE REDUCED PHANTOM STRENGTH. WE ARE CONTINUING TO PUSH HARD ON THIS PROBLEM.
ENDERS

H. PHNOM PENH 9327 R 050325Z SEP 73

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY PERSONNEL, FRAUDS, AUDITS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PHNOM02490
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PHNOM PENH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740224/aaaaawpa.tel
Line Count: 160
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: A. CHMEDTC 4880 R 190310Z MAY 73
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUL 2002 by martinml>; APPROVED <02 DEC 2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GAO REPORT ON GKR PHANTOM TROOPS
TAGS: MILI, CB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005